

Department of Telecommunications and Energy
Second Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 02-19

Witness: Karen L. Zink
Date: June 13, 2002

Question:

D.T.E. 2-1 Please provide a copy of the “transaction book” from which savings are calculated for all asset optimization transactions that took place as a result of the previous agreement approved in Berkshire Gas Company, D.T.E. 01-41 (2001) for Berkshire transactions only.

Response: See the response to D.T.E. 1-27 for a copy of the transaction book. It should be noted that the transaction book is the record for ALL transactions that occur on behalf of the alliance between the Energy East companies and BP Energy. For instance, monthly gas purchases delivered to the city gate for each of the companies are included in the transaction book. Additionally, gas purchases for such companies for injection into storage are included in the transaction book. Transactions that occur for other LDCs that have no impact on Berkshire are also included in the transaction book, such as deliveries on Algonquin or Iroquois.

For a summary of Berkshire transactions only, please see the response to D.T.E. 2-2.

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Question:
D.T.E. 2-2

For each transaction, please include both the actual purchase price, as well as the relevant published index benchmark price (as reported by the publisher for the period in which the transaction took place).

Also, for each transaction, please provide the following:

- a) Include the name and date of the publication for all published index prices listed.
- b) Indicate whether or not the published index price that the Company has listed is a daily mid-point average, or a first of the month average.
- c) For each transaction, please include both the transportation rate and fuel charge applicable.

Response:

- a) See Attachment D.T.E. 2-2(a) for a listing of first of the month index prices quoted in Platt's Inside FERC Gas Market Report.
- b) See Attachment D.T.E. 2-2(b) for a list of Gas Daily prices delivered to Tennessee Gas Pipeline Zone 6 as quoted in Platt's Gas Daily Market Report. The published index prices for Inside FERC are a first of the month price while the published index prices for Gas Daily are a daily mid-point average price.
- c) See Attachment D.T.E. 2-2(C) for a monthly summary of each Berkshire purchase or sale transaction as listed in the "transaction book".

****ATTACHMENTS CONFIDENTIAL AND PROPRIETARY****
****PROTECTIVE TREATMENT****

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Date: June 13, 2002

Question:

D.T.E. 2-3 Please indicate whether the index prices listed in D.T.E. 2-2 are used to determine cost savings.

Response: The index prices listed in D.T.E. 2-2 are used to calculate cost savings, as described in the response to D.T.E. 2-4.

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Question:
D.T.E. 2-4 Please describe in detail the formula that the Company uses to calculate cost savings. In doing so, please explain clearly the significance of both the actual purchase prices and the published index prices, and what role each plays in determining cost savings.

Response: [INTENTIONALLY OMITTED]

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****PROTECTIVE TREATMENT****

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Question:
D.T.E. 2-5 Did BP Energy log all of Berkshire's asset optimization transactions (pursuant to D.T.E. 01-41) separate from any other Company's transactions, in a transaction book that was used only to track Berkshire's transactions? If not, please explain why not.

Response: As stated in the response to D.T.E. 2-1, ALL transactions for ALL companies are logged into the same transaction book. Berkshire's gas purchases, sales and storage injections for its customers are identified separately in the transaction book. It should be noted, however, that the portfolio of ALL companies is viewed in total when optimizing in order to gain maximum value. The total savings generated are then allocated to each company pursuant to the allocation agreement.

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Question:
D.T.E. 2-6 Please describe what protocol is in place to ensure that transactions which occur on the behalf of other LDC's do not get logged into Berkshire's cost savings calculations.

Response: There are several ways Berkshire insures that the savings for its customers are properly calculated and allocated. First, the Company participates in the optimization transactions that occur via daily conference calls. At the end of each month, the transactions that were discussed during the month are reviewed by Company representatives. The monthly savings that are generated are reviewed by Company representatives and discussed with the other LDCs and/or BP Energy if there are any questions in the methodology used for allocating savings. As stated on several occasions, the savings are allocated pursuant to the Allocation Agreement. Finally, the savings and allocation of the savings are subject to an audit.